

**TOPIC OF DISCUSSION: Alternate Funding Sources (Including Taxes)**

Councilmembers in attendance were: Fatcher, Karnofski, Webb, McDaniel, Roberson, Schimmel, and Myers.

**Mayor David Fatcher** called the meeting to order. He told citizens the purpose of the meeting was to allow them to give their input as to whether they would be willing to pay higher taxes to restore and retain some services that have been lost. Mayor Fatcher reminded citizens that their response should not be "less taxes and more service," because that is just not realistic.

**Finance Director/City Clerk Brian Butterfield** explained some of the following tax options that are available:

**Public Safety Sales Tax under RCW 82.14.450:** Counties are allowed to put to the voters a 0.3 percent sales tax increase with the proceeds going to public safety. If the county decides not to do that, the city has an option to put to the voters a 0.1 percent sales tax increase. Revenues for 2012 would be approximately \$160,000. This proposal must be approved by a majority of the voters. If passed, Kelso would have the highest sales tax rate in the county.

**Property Tax Increases:** State law limits property tax increases to one percent over the prior year levy. One exception to the one percent rule is the levy lid lift. The current maximum levy rate for Kelso is \$2.325. The actual levy rate for 2011 is \$1.76434 and the lid lift capacity for 2011 is .561. Two lid lift options were explained. The potential levy amount would be approximately \$422,000. This proposal must be approved by a majority of the voters. A short discussion followed.

**Metropolitan Park District:** Council would need to adopt a resolution submitting the proposition to create a metropolitan park district. The proposal must be approved by a majority of the voters. If passed, the district would become a legal entity and the City Council could designate itself as the board. The Metropolitan Park District may levy taxes up to \$.75 per \$1,000 of assessed valuation. Discussion followed.

**Transportation Benefit District:** Public Works Director David Sypher spoke about some of the options that were available such as property taxes (a 1-year excess levy or an excess levy for capital purposes); up to 0.2 percent sales and use tax; an annual vehicle fee (above \$20 and up to \$100 per vehicle registered within the district); and vehicle tolls. Councilmembers were given a copy of a council agenda summary from the December 1, 2009, council meeting concerning information about establishing a Transportation Benefit District. A short discussion followed.

Mayor Fatcher said the City's revenue is largely based on transactional types of taxes such as sales and real estate excise taxes. We need to come up with another revenue source, unless a commercial development miraculously comes in bringing us a lot of taxes. Currently the City of Kelso no longer has street or nuisance abatement departments and our police force has already been reduced this year by three. Four officers, who were in danger of being cut this year, have been retained but are in danger of being cut next year. Up to this point, we have gone into our reserves; however, we can't do that forever. Councilmembers would like citizens to express

their thoughts concerning these issues. Mayor Fitcher invited citizens to make comments.

The following individuals spoke from the audience:

**Jerry Reagor**, 335 Hazel, spoke against raising taxes. He would like citizens to volunteer their services.

**Rick Von Rock**, 400 North 7<sup>th</sup>, spoke about the need to increase revenue because the City can't keep cutting. It is appropriate to let the citizens decide what they want during the election process.

**Larry Anderson**, 1000 North 19<sup>th</sup>, spoke about the City spending money to move the library to the Three Rivers Mall during these difficult economic times. He also spoke about the City paying over a million dollars a year for their top ten highest-paid employees.

**Richard McCaine**, 1425 North 2<sup>nd</sup>, doesn't feel increasing sales taxes would make people want to spend their money in Kelso.

**Jennie Boshell**, 912 ½ South Pacific, doesn't mind a tax increase but feels some City employees are paid too much.

**Rod Wright**, 97 Banyon Drive, agrees that some of the salaries are too high. He also spoke about a number of Kelso citizens being on some kind of assistance making it difficult for them to pay more taxes.

**Daryl Vienola**, 88 Division, spoke about the police department not wanting to take any concessions to save jobs for officers in danger of being laid off.

**Lisa Cartner**, 230 Paxton Rd., spoke about the library moving to the mall being a good thing for the economy because people spend money when they are there. We can't do without the fire and police departments. She spoke in favor of raising taxes to keep the streets in good shape.

**Mike White**, 907 South 6<sup>th</sup>, asked what the nuisance abatement person does. He suggested using volunteers and said he would be interested in volunteering his services to perform nuisance abatement duties.

**Jerry Reagor**, 335 Hazel, commented on an article he read about libraries receiving money from a library district.

**Glenn Hartwell**, 517 LaRue N. E., Castle Rock, (previously Kelso's Library Director for about eighteen years), gave some information about the 13th precinct west and north of Longview that formed a library district in 1998. They taxed themselves and used the money to contract with the Longview Library. That's probably what Mr. Reagor is talking about. Glenn also spoke in favor of using volunteers, but noted they have to be supervised and insurance has to be paid on them.

**Assistant Fire Chief Alan Headley**, spoke about some other funding options such as charging for welding permits, applications for flammable liquids, and fire inspections. He will give Councilmembers some additional information for their consideration.

At 7:25 p.m. Mayor Fitcher called a five minute recess. At 7:30 p.m. he called the meeting back to order. Mayor Fitcher invited Councilmembers to express their thoughts about what they have heard and how they would like to proceed.

Councilmember Schimmel read the following letters from two Kelso citizens:

A letter from **Joe Wheeler** referred to Kelso operating under GMA rules which has crippled the ability to reasonably work with new businesses. Codes and zones need to be changed to accommodate businesses that want to come to Kelso.

A letter from **Richard Ford** stated he was against raising taxes. He suggested temporarily laying off some employees until the economy gets better.

**Councilmember Schimmel** is against increasing taxes and doesn't want to put it on the ballot. We need to find ways to attract businesses to come to Kelso.

**Councilmember McDaniel** supports putting a one-year levy lid lift on the ballot and he is prepared to make more cuts if it doesn't pass.

**Councilmember Roberson** spoke about employees' wages and the importance of keeping qualified people. The library move to the mall was a good thing for our citizens. He is against increasing sales taxes because people would shop elsewhere. He likes using volunteers and supports putting a levy lid lift on the ballot.

**Councilmember Karnofski** is not in favor of fees, a new taxing district, or sales taxes. He supports putting a levy lid lift on the ballot to let the citizens decide.

**Councilmember Myers** spoke about an increase in taxes being difficult for many people. If sales taxes were increased, less people would shop in Kelso and that would be counterproductive.

**Councilmember Webb** spoke about the need to become a more business-friendly community with more jobs. Increasing taxes and fees will hurt citizens and businesses. He likes using volunteers, but there is a lot of liability if someone is injured. He is not fond of increasing taxes, but there are times when it becomes necessary. The only way he would put it on the ballot would be with a very specific purpose for the tax and sunset clauses showing when it ends.

**Mayor Futcher** said government is not a separate entity. It is "us" in the community coming together to do some things together that we can't do by ourselves. We are here as representatives of the people in the community and we want to represent our citizens' interests. The realities we are facing are going to cause us to make decisions as a council that will impact the rest of the community in what could be a substantial way. Mayor Futcher doesn't favor higher sales taxes. He thinks the only thing that makes sense is considering a three-year general levy lid lift with a sunset clause.

Upon motion by Councilmember Myers, seconded by Councilmember Roberson, "Move to Adjourn." Motion carried, all voting yes. The meeting was adjourned at 8:30 p.m.

  
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MAYOR

  
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CITY CLERK